

**TOWN OF NANTUCKET
PLANNED PRODUCTION - 760 CMR 31.07(1)(i)
AFFORDABLE HOUSING PLAN
SUMMARY SUBMISSION
AUGUST 2003**

Introduction

Housing is without question the most critical issue on Nantucket's agenda. For people born and raised here who do not already own a home, no problem is more severe than the lack of housing at a price they can afford. The problem is no less severe for those who own Nantucket businesses or who manage school or Town of Nantucket departments who are concerned about housing for both seasonal and year-round employees. Housing prices are now out of reach for most people whose income is earned from on-island sources.

The housing crisis, caused by the escalation of real estate prices, lies at the heart of most of Nantucket's economic, social, and even environmental problems.

*- Nantucket Comprehensive Community Plan, November 2000
Ratified January 8, 2001*

Whether one bases analysis on 2000 U.S Census data showing median home prices at \$577,500, or on local real estate statistics showing a 2002 median home price of \$790,000, the conclusion is unavoidable – Nantucket real estate values are high.

- Purchase prices are well out of the affordability range, not just for low and moderate income islanders, but for middle income islanders as well
- Stable rentals are difficult to find; a 2001 renter survey shows that between 1998 and 2001 over half of all island renters left their homes during the summer to make way for seasonal rentals (the “Nantucket Shuffle”)
- Nantucket's aging infrastructure is not equipped to handle the current population; among other infrastructure needs, necessary sewer upgrades and increased capacity will cost the Town between \$40 and \$45 million

However, Nantucket has been proactively working towards Nantucket scale and Nantucket style housing solutions for our community. Our *Comprehensive Community Plan* (2000) included an entire chapter on our Housing Needs. We also commissioned a comprehensive *Year-round Housing Needs Assessment* (John Ryan, 2002), and from this created a *Nantucket Community Housing Action Plan*. Both these documents were voted on and endorsed in concept by our Board of Selectmen and the Nantucket Planning & Economic Development Commission. In addition, Nantucket recently submitted a *Housing Plan* for certification under Executive Order #418.

Perhaps most important, Nantucket is aggressively pursuing the action steps outlined in these planning documents.

For Nantucket's Planned Production Affordable Housing Plan, we respectfully submit the above listed documents, representing innumerable hours of work, community input and expert guidance. What follows is a “Summary Document,” indexed to required elements as outlined in the Department of Housing and Community Development's “Guidelines for Planned Production Regulation.”

Section 1. Comprehensive Housing Needs Assessment

Summary: Nantucket’s population is growing at a rapid pace. We are the fastest growing county in the Commonwealth; our population doubled from 1980 – 2000, and our growth rate during the 1990s was approximately 10 times that of Massachusetts as a whole. We are also an extraordinarily popular seasonal destination; our population typically increases by approximately 400 - 500% in the summer. Seasonal home users compete directly with Nantucketers for the same limited rental and ownership housing stock, a housing stock that ranks us 7th in the Commonwealth for highest median purchase price. In addition, our infrastructure is not equipped to handle the current population: we must protect our sole source aquifer, and at the same time we have development constraints created by, among others, at- and over-capacity wastewater treatment facilities.

Most Recent Decennial Census Data	see <i>E0418 Housing Plan</i> “Census 2000 Data,” pp. 4-5
Demographics	see <i>Housing Our Community</i> (John Ryan, 2002), “Demographic & Economic Overview,” pp. 3-7
Housing Stock	see <i>Housing Our Community</i> (John Ryan, 2002), “Homeownership Opportunity” and “Rental Housing Conditions,” pp. 8-13
Development Constraints/Limitations.....	see <i>E0418 Housing Plan</i> “Development Constraints,” pp. 3-4
Municipal Infrastructure	see <i>E0418 Housing Plan</i> “Analysis of Infrastructure,” pp. 2-3
For more information	see <i>Nantucket Comprehensive Community Plan</i> (November, 200) Chapter 2, “Housing Needs” pp. 51-68

Section 2. Affordable Housing Goals

Summary: As a result of Nantucket's very high cost of housing, we need housing opportunities both for families and individuals earning below median income as well as those earning above median income (defined as up to 150% of median). Our articulated goal (*Nantucket Community Housing Action Plan*) is 400 home ownership units and 200 rental units by 2010. Approximately half of the homeownership opportunities would be for those making 80% or less of median income, and about 85% of the rentals created would be for those making 80% or less of median income. Units will be covenanted in perpetuity.

Housing Mix	<i>Housing Our Community</i> (John Ryan, 2002), "The Scale of the Problem," "What is Community Housing?" and "Recommended Housing Goals" pp. 14-16
Timeframe/Schedules	included in sections cited above
Use Restrictions.....	see section 4 of this report
For more information	see <i>Nantucket Community Housing Action Plan</i> (John Ryan, 2002)

There are two population segments that bear additional mention: Nantucket elder and low/very low income populations.

Elder: Sherburne Commons, Inc. is a not-for-profit organization dedicated to serving Nantucket seniors and resident families. Sherburne has a long-term lease on 20 +/- acres of land from the Town of Nantucket, has Planning Board approval, and an expected sewer connection permit approval at the end of August, 2003. Sherburne anticipates beginning construction in early 2004. When complete, the campus will provide 60 units; cottage homes, independent living apartments, assisted living apartments, and care for those with Alzheimer's/cognitive disorders. Thirteen of these units will be covenanted affordable for those making less than 50% of median income (very low income). Sherburne Commons also plans to include up to six units of employee housing.

Low/Very Low: Habitat for Humanity successfully reaches the low income segment of Nantucket's population and is in the process of finishing their first Habitat home. It is actively planning to create more home ownership opportunities. The Nantucket Housing Authority is planning a very low component of their upcoming home ownership development (currently in concept stage), and the House Recycling project serves a mix of moderate, low and very low income renters. The non-profit engaged in house recycling has an inventory of 16 homes, is increasing this inventory by approximately two per year, and has plans to accelerate this pace.

Section 3. Affordable Housing Strategy

Summary: The free market does not, and is not anticipated to, create affordable housing that is within the purchasing power of Nantucketers. We realize that in order to attain affordable housing appropriate for Nantucket in scale and style, we need to approach this crisis from as many perspectives as possible. Through our Community Preservation Committee, Nantucket has funded a private, non-profit organization - the Nantucket Housing Office - to focus on Nantucket's housing needs. Nantucket continues to introduce innovative zoning and town bylaws that encourage infill and scattered site affordable housing (e.g. allowing for the sale of secondary dwellings if they are covenanted affordable; creating density incentives for affordable "top of the shop" rental apartments; allowing for density and commercial space bonuses based on inclusion of affordable homeownership provisions, etc.). The Town of Nantucket supports Habitat for Humanity, and through the Nantucket Housing Authority provided them with a 99-year land lease for their first home, as well as Community Preservation funds. Nantucket continues to "recycle" unwanted but structurally sound houses, creating an increasing inventory of rental homes. Nantucket Town Meeting voters recently approved a Home Rule Petition to authorize a construction tax on new dwellings that would benefit an array of affordable housing programs. In addition, Nantucket continues to leverage private donations and public and private grants to fund housing initiatives.

Nantucket has made the housing issue a top priority, and has resolved to do whatever is needed to solve it in a way that maintains our unique community character.

Strategy in General	see <i>E0418 Housing Plan</i> "Summary of the Community Housing Strategy," "Strategies," "Objectives for Increasing Housing" and "Action Steps Taken to Implement Strategy" pp. 6-17
Strategy in General	see <i>Housing Our Community</i> (John Ryan, 2002), "Recommended Approaches to Meeting Housing Goals," pp. 16-21
Zoning	see <i>E0418 Housing Plan</i> "18. Adopted incentive zoning provisions to increase housing density," "19. Adopted zoning/land use regulations," "20. Adopted zoning provisions authorizing" pp. 13-16
Comprehensive Permits.....	see <i>E0418 Housing Plan</i> "4. Identified municipally owned or controlled land and/or buildings that are suitable for the development of housing" and "5. Identified other publicly owned or controlled land and/or buildings that are suitable for the development of housing," pp. 8-9
Preferred Development Characteristics.....	see <i>E0418 Housing Plan</i> "Development Constraints," last paragraph of section, pp. 3-4
Housing Developments	see <i>E0418 Housing Plan</i> , sections listed above under "Comprehensive Permits"

Section 4. Description of Use Restrictions

Summary: Nantucket’s primary use restriction is the Nantucket Housing Needs Covenant. We have established this Covenant as the fundamental instrument providing for permanent restrictions on sale or rental prices, with the aim to create a pool of year-round affordable housing in perpetuity. The Nantucket Housing Office, through the Town of Nantucket, will be seeking Department of Housing and Community Development (DHCD) approval for Nantucket Housing Needs Covenants with income restrictions at 80% of median income and below. This Covenant can then be used for ownership (for example: when zoning bylaws allow for density bonuses if the extra dwellings are covenanted) and for rental (for example: when zoning bylaws allow for bonus apartments over down-town retail shops if the apartments are covenanted). In addition, to meet Nantucket’s range of affordability needs, Nantucket created a version of the Covenant tailored to residents earning up to 150% of median income. We requested and received approval of enabling state legislation (Massachusetts General Laws, Chapter 301 of the Acts of 2002 “An Act Authorizing Affordable Housing Covenants in the Town of Nantucket”) to assure that the restrictions would be in perpetuity, even at the 150% level. Town Counsel, the Nantucket Housing Authority, and the Nantucket Housing Office have recently finalized a version of this covenant for use when a secondary dwelling is being sold in condominium form (Chapter 100 of the Code of the Town of Nantucket). Uses of the Covenant for incomes above 80% of median income will not be submitted for DHCD subsidized unit counting.

Other groups, due to their accelerated time lines, have progressed with restrictions they have created that address affordability issues and suit their individual needs, and in the case of Sherburne Commons Inc. (elder housing) and Habitat for Humanity, have already received Certificates of Approval from the Department of Housing and Community Development.

Restriction	see <i>Nantucket Housing Needs Covenant</i>
Enabling Legislation.....	Massachusetts General Laws, Chapter 301 of the Acts of 2002 “An Act Authorizing Affordable Housing Covenants in the Town of Nantucket”
Town Code	Chapter 100 of the Code of the Town of Nantucket
Restriction	see Sherburne Commons Inc. documents: Affordable Housing Restriction Addendum to Ground Lease and Certificate of Approval of Affordable Housing Restriction G.L. c. 184, section 32
Restriction	see Habitat for Humanity, Nantucket, Inc. documents: Affordable Housing Covenant and Certificate of Approval of Affordable Housing Restriction G.L. c. 184, section 32

Conclusion

Nantucket is working proactively to address our housing crisis, and at the same time striving to adhere to principles of smart growth and sustainable development which recognize Nantucket's infrastructure constraints, housing and land availability, and high land cost. We are motivated to meet articulated goals because by meeting housing goals we can offer more Nantucketers safe, stable and secure housing opportunities. With the advent of recent regulatory changes, meeting our goals may at the same time meet the goals outlined in MGL Chapter 40B Guidelines for Planned Production Regulation - 760 CMR 31.07(1)(i). Nantucket would appreciate the opportunity to gain more local control of Comprehensive Permit applications, so that when our Zoning Board of Appeals considers Comprehensive Permits, the Zoning Board can work cooperatively with developers to make sure the proposed development best meets Nantucket's housing needs, and uses community appropriate tactics, strategies and approaches to affordable housing production. To this end, we respectfully submit our Affordable Housing Plan for Department of Housing and Community Development approval.